



House of Representatives

General Assembly

File No. 677

January Session, 2015

House Bill No. 6781

House of Representatives, April 16, 2015

The Committee on Judiciary reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

***AN ACT CONCERNING THE APPLICATION OF THE UNIFORM
COMMERCIAL CODE TO CERTAIN FUNDS TRANSFERS UNDER THE
ELECTRONIC FUND TRANSFER ACT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42a-4A-108 of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) This article does not apply to a funds transfer any part of which
4 is governed by the Electronic Fund Transfer Act of 1978, [(Title XX,
5 Public Law 95-630, 92 Stat. 3728, 15 USC Section 1693 et seq.)] 15 USC
6 1693, et seq., as amended from time to time.

7 (b) This article applies to a funds transfer that is a remittance
8 transfer, as defined in the Electronic Fund Transfer Act, 15 USC 1693o-
9 1, as amended from time to time, unless the remittance transfer is an
10 electronic fund transfer, as defined in the Electronic Fund Transfer Act,
11 15 USC 1693a, as amended from time to time.

12 (c) In a funds transfer to which this article applies, in the event of an

13 inconsistency between an applicable provision of this article and an
14 applicable provision of the Electronic Fund Transfer Act, the provision
15 of the Electronic Fund Transfer Act shall govern to the extent of the
16 inconsistency.

This act shall take effect as follows and shall amend the following sections:		
---	--	--

Section 1	October 1, 2015	42a-4A-108
-----------	-----------------	------------

JUD *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill results in no fiscal impact to the state or municipalities as it concerns transactions between private individuals.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 6781*****AN ACT CONCERNING THE APPLICATION OF THE UNIFORM COMMERCIAL CODE TO CERTAIN FUNDS TRANSFERS UNDER THE ELECTRONIC FUND TRANSFER ACT.*****SUMMARY:**

This bill addresses a gap in how state and federal law apply to remittance transfers by allowing state law to apply whenever federal law does not.

Currently, state law (Uniform Commercial Code (UCC) Article 4A) generally governs commercial fund transfers unless any part of the transfer is governed by the federal Electronic Fund Transfer Act of 1978 (EFTA). EFTA applies to remittance transfers, which are a type of electronic transfer of funds, but in some circumstances EFTA does not govern all parts of such transfers.

The bill applies state law (specifically UCC Art. 4A) to the remittance transfers unless the remittance transfer is covered by EFTA as an electronic funds transfer. The bill applies EFTA's provisions when there is an inconsistency between state and federal law regarding a fund transfer.

EFFECTIVE DATE: October 1, 2015

BACKGROUND***Uniform Commercial Code Article 4A***

Article 4A of the Uniform Commercial Code governs funds transfers. It establishes the rights and responsibilities of the parties to a funds transfer, including payment obligations among the parties and allocation of risk of loss for unauthorized or improperly executed payment orders. Article 4A was drafted principally to govern fund

transfers involving commercial entities (CGS § 42a-4A-101, et seq.).

EFTA

EFTA (P.L. 95-630) provides a basic framework establishing the rights, liabilities, and responsibilities of participants in electronic fund and remittance transfer systems. Its primary objective is the protection of individual consumer rights (15 U.S.C. § 1693 et seq.).

Under EFTA, an electronic funds transfer is any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account (15 U.S.C. § 1693a).

Dodd-Frank Act Amendments

The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-2013) amended EFTA to create new protections for consumers who send remittance transfers, including transfers to designated recipients located in a foreign country.

Remittance Transfers

Federal law defines a remittance transfer as the electronic transfer of funds, to a designated recipient, that is initiated by a remittance transfer provider at the request of a sender located in any state whether or not the (1) sender holds an account with the remittance transfer provider or (2) remittance transfer is also an electronic fund transfer (15 U.S.C. § 1693o-1)).

COMMITTEE ACTION

Judiciary Committee

Joint Favorable

Yea 42 Nay 0 (03/27/2015)